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EXECUTIVE SUMMARY

Summary of the Enquiry

Seafish commissioned an OMIS research report from UKTI to update the existing Japanese seafood market report published on their website.

UKTI agreed to deliver the following in the Workplan:

“UK Trade & Investment will update the current market report on Japan published on your website (http://www.seafish.org/media/Publications/ExPro_Japan_SEP.pdf), using selective information from sources available to us. This may include local trade publishers and associations, the internet and other local reference sources. Although we will do our best, we cannot guarantee we will be able to find an update on every piece of information contained in the current report.”

Methodology

We have mainly used the following information sources to refer to reports and figures publicised by them as well as make enquiries by telephone to clarify published information and obtain additional information.

- Cabinet Office
- Fisheries Agency
- Japan Customs
- Japan Management Association
- Japan Tariff Association
- The Japan Food Chemical Research Foundation
- The Ministry of Agriculture, Forestry and Fisheries
- The Ministry of Economy, Trade and Industry
- The Ministry of Internal Affairs and Communications

In this report, we tried to follow the same format as the current market report in your website where possible, but there are some changes where we considered more suitable.

Recommendations

Geographically, Japan is not an easy market for British suppliers in terms of transport and the cost incurred; however this market imports a huge volume of fish/fish and seafood products to satisfy appetite of consumers who consume a wide variety of seafood at home and food services when
compared to many other markets. Japan has a large and sophisticated food service industry (including a considerable number of sushi restaurants) and there is always a strong demand for products having strong USPs (such as quality, texture, taste and price).

For any companies who are interested in the Japanese market, UKTI Japan will be able to provide some initial and specific advice on the prospects of their business. This can be followed by further in-depth and tailored market research through Overseas Market Introduction Service (OMIS) and/or exhibiting in trade shows in Japan in order to find a partner/customers.
I. THE TRADE ENVIRONMENT

1.1 GENERAL ECONOMY

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>128 million (128,057,352)</td>
</tr>
<tr>
<td>Land area</td>
<td>377,950 sq km</td>
</tr>
<tr>
<td>Inhabitants per sq km</td>
<td>343</td>
</tr>
<tr>
<td>No. of households</td>
<td>52 million (51,950,504)</td>
</tr>
<tr>
<td>Capital</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Main cities other than the capital</td>
<td>Yokohama, Osaka, Nagoya, Sapporo, Kobe, Fukuoka, Kyoto</td>
</tr>
<tr>
<td>(in the order of the population 2011)</td>
<td></td>
</tr>
<tr>
<td>Languages</td>
<td>Japanese</td>
</tr>
<tr>
<td>Religion</td>
<td>Mostly Shinto or Buddhism</td>
</tr>
<tr>
<td>Currency</td>
<td>Japanese Yen</td>
</tr>
<tr>
<td>Exchange rate (as of 18 July 2012)</td>
<td>£1=127yen</td>
</tr>
<tr>
<td>Real GDP (2011)</td>
<td>511,119,800 million yen</td>
</tr>
<tr>
<td>Real GDP growth rate (2011)*</td>
<td>0.0%</td>
</tr>
<tr>
<td>GDP per capita (2010)</td>
<td>3,742,000 yen</td>
</tr>
<tr>
<td>Consumer price index (2011)</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Unemployment rate (March 2012)</td>
<td>4.5%</td>
</tr>
<tr>
<td>International status</td>
<td>N/A</td>
</tr>
<tr>
<td>Government type</td>
<td>The Democratic Party of Japan</td>
</tr>
</tbody>
</table>

Japan is the third largest economy in the world, after the United States and China. Although Japan has recently fallen behind China in GDP terms and growth is much faster in China, GDP per capita is still 10 times that of China and Japan has a much higher quality business environment.

* Nikkei Newspaper (Japanese daily newspaper equivalent to the Financial Times) reported on 8 June 2012 that the Cabinet Office announced that the GDP for January-March 2012 increased by 1.2% in real terms from the same period in 2011, marking an annualized 4.7% growth. This was due to a rise of equipment investment by companies in connection with the reconstruction from the earthquake in March 2011. The growth demonstrates that a robust consumption and the demand for reconstruction bolster the Japanese economy.
### 1.2 FOOD & DRINK INDUSTRY (2011)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total food &amp; drink industry imports</td>
<td>5,854,222 million yen</td>
</tr>
<tr>
<td>Total food &amp; drink industry exports</td>
<td>359,056 million yen</td>
</tr>
<tr>
<td>Top three countries from which Japan imports</td>
<td>1. China, 2. USA, 3. Australia</td>
</tr>
</tbody>
</table>

[Source: Japan Statistical Handbook 2012 by Statistics Bureau, Ministry of Internal Affairs and Communications]
## II. THE SEAFOOD MARKET

### 2.1 DEFINITION OF SEAFOOD

In the Japanese official statistics, the term “seafood” consists of various marine products. Main items are fish, shellfish and seaweed (as covered in Chapters 3, 12 and 16 of the Tariff Schedule). Some statistics include non-foodstuffs such as pearls, fish flours, whale meat and so on (as covered in Chapters 1, 2, 5, 23 and 71).

What are or are not included in statistics varies. In this report, it is specified where possible.

### 2.2 TARIFF SCHEDULE

The tariff rates of seafood vary from 0 to 40%. Products under Chapters 3, 12 and 16 are imposed of tariff up to 11%. Imports from the UK in 2011 came under Chapters 3, 5 and 16 and the maximum tariff was 9.6%.

(See the rates under WTO for imports from the UK into Japan)

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 1</td>
<td>Live animals</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Meat and edible meat offal</td>
</tr>
<tr>
<td><strong>Chapter 3</strong>: Fish and crustaceans, molluscs and other aquatic invertebrates</td>
<td></td>
</tr>
<tr>
<td>Chapter 5</td>
<td>Products of animal origin, not elsewhere specified or included</td>
</tr>
<tr>
<td><strong>Chapter 12</strong>: Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder</td>
<td></td>
</tr>
<tr>
<td><strong>Chapter 16</strong>: Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates.</td>
<td></td>
</tr>
<tr>
<td>Chapter 23</td>
<td>Residues and waste from the food industries; prepared animal fodder</td>
</tr>
<tr>
<td>Chapter 71</td>
<td>Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin.</td>
</tr>
</tbody>
</table>
2.3 JAPANESE SEAFOOD PRODUCTION IN 2011
(FISH & SHELLFISH AND SEAWEED)

The Japanese fishery and aquaculture production volume decreased by 10.9% in 2011 when compared to 2010 levels. The earthquake in March 2011 is not the only but certainly the biggest reason for the decrease - Fishing boats and fish farms were either destroyed or considerably damaged which resulted in a major decrease of production volume in the sea water fishery and aquaculture.

Due to the earthquake on 11 March 2011, the figures in the affected three Prefectures of Iwate, Miyagi and Fukushima are not available and therefore are missing in the figures below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total production</td>
<td>6,384</td>
<td>5,432</td>
<td>5,312</td>
<td>4,733</td>
<td>-10.9%</td>
</tr>
<tr>
<td>(1,000 ton)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sea water</td>
<td>6,252</td>
<td>5,349</td>
<td>5,232</td>
<td>4,659</td>
<td>-11.0%</td>
</tr>
<tr>
<td>Fresh water</td>
<td>131</td>
<td>83</td>
<td>79</td>
<td>73</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Total turnover</td>
<td>1,875,291</td>
<td>1,470,178</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>(Yen million)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Source: Fishery and Aquaculture Production Statistics, Ministry of Agriculture, Forestry and Fisheries]
### Production volume – Sea water fishery

- 7.9% decrease in total from 2010
- Mackerel (the largest catch) and Alaska Pollack (ranked 5th) were affected most by the earthquake.
- Some fish such as squids and sardine increased.

<table>
<thead>
<tr>
<th>Fish</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mackerel</td>
<td>49</td>
<td>39</td>
</tr>
<tr>
<td>Japanese anchovy</td>
<td>33</td>
<td>30</td>
</tr>
<tr>
<td>Scallop</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>Skipjack</td>
<td>35</td>
<td>26</td>
</tr>
<tr>
<td>Alaska Pollack</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Squid</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Saury</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Sardine</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Jack mackerel</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Salmon</td>
<td>160</td>
<td>142</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Unit: 10,000 ton)  

[Source: Fishery and Aquaculture Production Statistics, Ministry of Agriculture, Fisheries and Forestry]
Production volume - Sea water aquaculture

- 22.4% decrease in total from 2010.
- Oysters (with shells) saw a 17.9% decrease from 2010 in the production volume in the affected areas of the earthquake while no significant impact of the earthquake on fish was observed.
- 22.3% decrease of shellfish and seaweed from 2010.

Yellow tail  Red sea bream  Others

Scallops  Oysters (with shells)  Others

[Source: Fishery and Aquaculture Production Statistics, Ministry of Agriculture, Fisheries and Forestry]
### Production volume – Fresh water fishery

- **Salmon/Trout**
- **Freshwater clam**
- **Ayu sweetfish**
- **Others**

**2010**
- さけ・ます類 14
- しじみ 11
- あゆ 3
- その他 11

**2011**
- さけ・ます類 12
- しじみ 9
- あゆ 3
- その他 11

(Unit: 10,000 ton)

[Source: Fishery and Aquaculture Production Statistics, Ministry of Agriculture, Fisheries and Forestry]
2.4 JAPANESE SEAFOOD SUPPLY, DEMAND AND SELF-SUFFICIENCY
(FISH & SHELLFISH)

Production volume

The total production volume peaked in 1984 with 12,815,900 ton. This started declining gradually afterwards.

The production volume of sea water fishery hit the peak in the same year (1984). As for fresh water production, statistics since 1979 shows that 1979 saw a peak with 208,900 tons, which then varied until it recovered in 1990 reaching 208,900 tons. This has been followed by a year on year decline in production.
Import

Japan is one of the largest importers of seafood, accounting for a little over 10% in import volumes and nearly 20% in value.

**Japan’s seafood import - Volume**

The largest in record was 3,820,000 tons in 2001. Since then, it declined until 2009 due to a decrease in domestic consumption as the main reason. In 2011, as the result of the earthquake, some supplies of domestic seafood decreased and consequently alternative imports increased; however, as a whole, the imports remained about the same as the previous year at 2,690,000 ton.

**Japan’s seafood import – Value**

Despite the strong appreciation of yen in 2011, import prices increased as the result of an increase in seafood demand worldwide. Consequently, the import value was 1,454,700 million yen, 6% up from the previous year.

Note: Figures are on a weight basis.
[Source: Seafood White Paper 2011, Fisheries Agency]
**Japan’s seafood import – By country**

Japan imported from 120 countries and 16 regions in 2011, depending on the type of seafood. The following chart shows a breakdown of the countries by import value:

Total import value in 2011: 1,454,700 million yen

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]

**Japan’s top 5 imported seafoods in 2001**

No. 1  Shrimp - 185,400 million yen

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]
No. 2  Tuna and Swordfish – 184,400 million yen

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]

No. 3  Salmon and Trout – 159,400 million yen

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]
No. 4  Crabs – 59,800 million yen

![Crab Pie Chart]

- Russia 64%
- USA 17%
- Canada 15%
- Others 4%

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]

No. 5  Fish flour – 27,300 million yen

![Fish Flour Pie Chart]

- Peru 39%
- Chile 19%
- Ecuador 14%
- Others 28%

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]
**Self-sufficiency rate**

- The self-sufficiency rate was the highest in 1964 at 113%. After that, it declined until about 2000 and then hit the lowest level at 53% over a period between 2000 and 2002. It then increased slightly or stayed flat until 2009 due to the fact that a decrease of domestic production became gradual and imports decreased. This trend was mainly attributable to the fact that domestic consumption dropped at the same or even faster pace as the decline of the domestic production volume.

In 2010, the rate further lowered by 2% from 2009 to 60%. Main reasons were a decrease in the domestic production volume of saury, salmon, etc and also an increase of import volume of frozen mackerel, frozen albacore, etc.

- Japan’s self-sufficiency rate is about the same as the United States (61%) and South Korea (60%).

<table>
<thead>
<tr>
<th></th>
<th>1964</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross supply</strong></td>
<td>n/a</td>
<td>1162</td>
<td>958</td>
</tr>
<tr>
<td>Domestic production</td>
<td>n/a</td>
<td>574</td>
<td>474</td>
</tr>
<tr>
<td>Edible (1)</td>
<td>n/a</td>
<td>452</td>
<td>409</td>
</tr>
<tr>
<td>Non-edible</td>
<td>n/a</td>
<td>122</td>
<td>65</td>
</tr>
<tr>
<td><strong>Import</strong></td>
<td>n/a</td>
<td>588</td>
<td>484</td>
</tr>
<tr>
<td>Edible (2)</td>
<td>n/a</td>
<td>425</td>
<td>327</td>
</tr>
<tr>
<td>Non-edible</td>
<td>n/a</td>
<td>163</td>
<td>157</td>
</tr>
<tr>
<td><strong>Gross demand</strong></td>
<td>n/a</td>
<td>959</td>
<td></td>
</tr>
<tr>
<td>Domestic consumption</td>
<td>n/a</td>
<td>1,081</td>
<td>886</td>
</tr>
<tr>
<td>Edible</td>
<td>n/a</td>
<td>853</td>
<td>680</td>
</tr>
<tr>
<td>Non-edible</td>
<td>n/a</td>
<td>228</td>
<td>206</td>
</tr>
<tr>
<td><strong>Export</strong></td>
<td>n/a</td>
<td>26</td>
<td>73</td>
</tr>
<tr>
<td>Edible (3)</td>
<td>n/a</td>
<td>25</td>
<td>70</td>
</tr>
<tr>
<td>Non-edible</td>
<td>n/a</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Stock</strong></td>
<td>n/a</td>
<td>54</td>
<td>-1</td>
</tr>
<tr>
<td>Edible (4)</td>
<td>n/a</td>
<td>-2</td>
<td>-14</td>
</tr>
<tr>
<td>Non-edible</td>
<td>n/a</td>
<td>56</td>
<td>13</td>
</tr>
</tbody>
</table>

**Self-sufficiency rate (%)** = \( \frac{1}{1 + \frac{2}{3} - \frac{4}{5}} \)

- 113% in 1964
- 53% in 2009
- 60% in 2010

**Note:** In the case of processed products, the figures in this table are converted figures taking into account bones, heads, intestines, etc (i.e., converted figures as whole fish).

[Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry]
Unit: 10,000ton

Source: Seafood White Paper, Ministry of Agriculture, Fisheries and Forestry
2.5 CONSUMER TRENDS

- The chart below shows what Japanese consumers are interested in with regard to foods and the diet. The biggest interest is “Health” and the health-conscious trend has noticeably grown. This is conspicuous especially among older people in the ages of 50s to 70s.

Ranked second is “Economy” since there is a persistent saving attitude. We can also see a high-demand in “Easiness (convenience)”. Both “Economy” and “Easiness (convenience)” are high among people in their 20s to 40s who want to cut down spending on food and also do not wish to put time and effort into cooking.

[Source: Consumer Trend Research, Ministry of Agriculture, Fisheries and Forestry]

- The Japanese diet has been changing especially among families with children. Major trends are:

  - Each member in a family has different lifestyle, food preference and meal time, which have become key factors in deciding menus because they eat separately; for example, a small child eats dinner at 18:00, his older sister eats at 20:00 after coming home from cram school and the father eats at 23:00 due to overtime work.

  - Demand for processed food is growing because of its simplicity of cooking with a short preparation time.

  - People depend on retailers for preparation (dressing) of seafood rather than doing it themselves.
• Some parents wish to leave dietary education entirely to school. If their children are provided with lunch at school, they trust their children are fed properly with nutritious, well-balanced lunch and consequently feel relaxed about what to eat at home.

• Japanese consumers eat less fish nowadays than they used to. The sales value of seafood in 2011 dropped 3.2% from 2010, according to Japan Chain Stores Associations (JCSA). Although some consumers who are worried about meat because of BSE and avian flu prefer fish over meat, the statistics still show a declining consumption. JCSA’s statistics since 2005 shows a decline until today. The Fishery Agencies announced at the end of June 2012 that they would establish a public and private joint conference with the aim to increase seafood consumption. Possible participants will be not only distribution companies, wholesale markets and fishery organisations, but also other players such as food manufacturers and educational institutions.

• The Ministry of Agriculture, Fisheries and Forestry reports that consumers are most concerned about freshness – followed by safety – when buying fresh seafood, as shown in the chart below. Suppliers are expected/required to secure safety by managing production/processing process and also provide consumers with comprehensive information about how they are ensuring the safety.

![Bar chart showing major factors when consumers buy seafoods]

- Freshness
- Safety
- Price
- Domestic made
- Seasonal fish
- Caught in nearby ocean
- Easy style to cook (filet, dried, etc)
- Species in order to avoid resource...
- Others
- Cooked

[Source: Ministry of Agriculture, Fisheries and Forestry]

As said earlier, safety is a growing concern. This is related to the growing health-consciousness and also the nuclear issues following the earthquake in March 2011. The following three areas are of particular concern to Japanese consumers at present:
- Clear traceability (i.e. where the products were grown/produced and how they are cooked)
- GM foodstuffs (some US imports have this issue)
- Radioactive caesium contained in foodstuff
  - This issue has emerged following the nuclear problems after the earthquake on 11 March 2011, resulting in a tighter regulation
  (More details to follow later)

**Value for money**

The longstanding sluggish economy coupled with the earthquake in March 2011 and the subsequent nuclear problems have affected consumers’ perception about “value for money”. Price is not necessarily the key factor - People tend to attach more importance to quality or other factors and pay more for products they think are worth it.
2.6 UK SHARE AND EXPORT OPPORTUNITIES

Import from the UK into Japan

Over the past 10 years, the import from the UK into Japan hit the peak in 2003 in terms of value and in 2005 in terms of volume as the chart below shows:

[Source: Japan Tariff Association]

In 2010 when the import value from the UK was 1,235 million yen, the UK ranked 48th. There is a report stating that the import share of the UK in Japan was 0.2% in 2005 and 0.1% in 2006 by value. A calculation based on the Trade Statistics of Japan issued by the Ministry of Finance indicates an even lower share of the UK in 2011, possibly below 0.1%. The UK export of seafood to Japan has been shrinking.
In 2010, the UK exported about 16 categories of seafood to Japan, out of which the top 6 look as follows:

<table>
<thead>
<tr>
<th></th>
<th>Value (million yen)</th>
<th>Volume (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horse mackerel</td>
<td>448</td>
<td>3,398</td>
</tr>
<tr>
<td>Salmon &amp; Trout</td>
<td>286</td>
<td>379</td>
</tr>
<tr>
<td>Others*</td>
<td>208</td>
<td>527</td>
</tr>
<tr>
<td>Herring roe</td>
<td>148</td>
<td>223</td>
</tr>
<tr>
<td>Flounder</td>
<td>51</td>
<td>151</td>
</tr>
<tr>
<td>Shrimp/ Prawn</td>
<td>22</td>
<td>8</td>
</tr>
</tbody>
</table>

*Others: Fish meat, fish preparation, frozen fillet, etc.

[Source: Japan Tariff Association]

**Opportunities and Competitors**

- **Salmon**
  - Salmon is a popular fish in Japan, particularly recently because of a relatively low price throughout a year while seafood price in general has been increasing. A market expansion is desired through promotion such as suggestions of new recipes.
  - Although British smoked salmon has been imported into Japan, the smoked salmon market is now saturated by a plethora of suppliers; competition is fierce and new suppliers need to offer a clear and unique sales point and reasonable price to enter the Japanese market.
  - The average price of imported salmon over Autumn 2011 through Spring 2012 has dropped by 12 to 19% from the previous year. The supply of farmed salmon from Norway and Chile has been stable. Norway is now established as THE exporting country for salmon among the Japanese trade. Since Norwegian salmon is farm-raised, it is parasite-free and therefore distributed to be consumed fresh (raw), often sold to sushi shops with revolving
Chilean salmon is for sale at supermarkets and for prepared take-away meals. Canada is also well-recognised/established as an exporting country of salmon to Japan.

- The Japanese salmon market used to supply 300,000 ton consisting of 100,000 ton each of domestic salmon, American salmon and Russian salmon. Atlantic salmon from Chile was sold at 1,200yen/kg. The current market has doubled to 600,000 ton and is over-supplied, resulting in a price collapse of 400-500yen/kg or 70-80yen/fillet. 700-800yen/kg in the case of sockeye salmon.

- American salmon is wild salmon, which means it is not parasite-free and not suitable for consuming fresh. Even if the bacteria is killed once frozen, the perception that American salmon is not parasite-free has been established so firmly that it is difficult to use it for fresh consumption. Because the price is also high at 1,400yen/kg, it is mainly used for cooking at higher-end Japanese-style restaurants.

- A former importer of Scottish salmon once commented that salmon would be a hard sell unless the price is ‘reasonable’ (but other smoked products might be of interest).

- Herring roe

  Herring roe has been imported from Europe as raw materials to be flavoured in Japan for sale. Herring roe from the Pacific Ocean has a crispy texture and the Atlantic herring roe is soft.

- Monkfish liver

  The U.S. exports monkfish liver to Japan in winter. (Monkfish liver is consumed throughout a year, however, there is more demand in winter for seasonal menus.)

- Mackerel

  When the price of Norwegian mackerel (approximately 20% fat content) becomes too high in Japan, mackerel from the East coast of the United States (18% fat content) becomes easier to be imported to replace. If British mackerel has the same level of fat content, there may be potential in Japan although a reasonable price is important in view of a perception among Japanese consumers that mackerel is a cheap fish.
● Others – Eel, salmon roe, whelk, mackerel, scampi and Homard lobster

Scampi would be only for restaurants.

The opportunity for eel is due to the current shortage of glass eel in Japan. The US is already exporting to Japan. However, unfortunately, EU prohibits exporting glass eel and therefore, this cannot be an export opportunity for the UK at present.

● USA

Japan is the US’s top export country for seafood. Main exports are salmon, crabs (including king crabs and snow crabs), herring/herring row and minced fish.

**Importance of Marketing**

● Marketing is very important. Examples of useful marketing are:
  
  ● highlighting offering similar taste, but at a lower price.
  ● A “story” such as the migration of a salmon showing it has had a natural existence and thus is good eating.

● The Norwegian seafood industry (especially salmon and mackerel) is heavily subsidised by the government and they have produced promotional materials (leaflet, recipe notes, banners, posters etc) in local language which can be placed in supermarkets where their products are sold. They have helped retail chains to run special promotion (such as Norwegian salmon week).

● The US Embassy in Japan exhibits (information stand) at the local seafood show (Japan International Seafood & Technology Expo) every year. Through an annual presence, they have established themselves as a point of contact for the US seafood industry and local trade visitors come to the stand to obtain information or make an enquiry.

Japan International Seafood & Technology Expo and another trade show, Foodex, are suitable trade shows in Japan for UK exporters to consider participation:

**Japan International Seafood & Technology Expo**
(http://www.exhibitiontech.com/seafood/e_tokyo_index.html)

● Annual – Every July
**Foodex**
- Largest food & drink international trade show in Asia-Pacific
- Annual – Every March
- The UKTI Japan Team has been exhibiting with an information stand and often organising a British participation with British exporters (new as well as existing) or their Japanese distributors.

### 2.7 THE SUPPLY STRUCTURE

The Japanese seafood wholesale markets have a two-tiered structure as shown below:

<table>
<thead>
<tr>
<th>(1) Landing area wholesale market</th>
<th>(2) Consumption area wholesale market</th>
</tr>
</thead>
</table>

(1) Landing area wholesale market

- A large number of seafoods are sorted and separately loaded at a landing area wholesale market near a landing port. The reasons for this practice are:
  - There is a huge fluctuation in production volume since catches vary depending on the weather and fishing conditions;
  - A small volume AND a wide variety of fish are caught and;
  - Even among the same kind of fish, the intended end-usage is different according to the size and freshness.

- There are 763 landing area wholesale markets in Japan as of March 2010. They play an important role in the Japanese seafood industry where a wide variety of fish are traded and fishery businesses tend to be small. They serve functions of consolidating, sorting and settling payment. Many were established by fishery cooperatives and have issues such as a small trading size and weakness of price formation.

(2) Consumption area wholesale market
Seafood is shipped from a landing area wholesale market to a consumption area wholesale market, which is the start point for distribution in a consumption area. The volume of seafood distributed through a consumption area wholesale market is on decline due to an increasing direct business of processed/frozen products to retailers as well as consumers through Internet. Distribution channels are expected to diverse further.
2.8 THE PRICING STRUCTURE

From a landing area to consumption area, the freshness needs to be maintained by a constant cold/freezing system. This means a lot of seafood is distributed in a form of fillet or sashimi, resulting in a higher distribution cost.
2.9 THE RETAIL CHANNEL

As the graph below shows, an increasing number of consumers – nearly 70% in 2009 – buy seafood at GMS (General Merchandise Stores). On the other hand, speciality shops have shown a sharp decline as a place to buy seafood since consumers find it convenient to be able to buy seafood and other foodstuff at the same place and time and shifted to GMS. The number of small speciality shops has eventually decreased.

Other merits for buying at GMS are:

- Availability of various quantities in packs, so consumers can buy necessary quantity (grams) only (and do not have to buy an excess amount);
- Easy-to-understand labelling on the packs, which provides necessary information that consumers would like to know: i.e., price, place of catch and best-before date;

Overall, convenience is the main reason.

Speciality shops have other benefits for consumers:

- Freshness as they cut fish for fillet / sashimi (sliced raw fish) according to each customer’s request on the spot and;
- Live information/interaction such as how to cook and which fish is in season

Consumers appreciate speciality shops’ more personal and vibrant atmosphere which is like a fish market.

![Graph showing the percentage of where to buy seafood by different types of shops from 1974 to 2009.]
Convenience stores have started selling fresh foodstuff including seafood in order to widen their customer base and increase competitiveness.
2.10 REGULATIONS

Food Sanitation Law

Just like any other foodstuff, seafood is subject to the Food Sanitation Law. Food additives and agricultural chemical residues in foods are often main issues.

An English translation of the updated version is not available. The one as of April 2009 can be seen through the link below and should provide basic contents covered by the law:
http://www.japaneselawtranslation.go.jp/law/detail_main?id=12&vm=4&re=

Food additives

- 788 additives are approved in Japan at present. Out of these, 423 additives are categorised as Designated Additives and 365 as Existing Food Additives.

  Designated Additives: http://www.ffcr.or.jp/zaidan/FFCRHOME.nsf/pages/list-desin.add

  Existing Food Additives:
  http://www.ffcr.or.jp/zaidan/FFCRHOME.nsf/pages/list-ext.add
  (Until 1995, additives from a natural origin were not subject for designation. The law was revised in 1995 to make additives from a natural origin subject for designation; however, those which had been used before 1995 were exempted from the revision and continued to be used. These are called Existing Food Additives.)

- For detailed information regarding food additives, see:
  http://www.mhlw.go.jp/english/topics/foodsafety/foodadditives/

Agricultural Residues

- Approximately 760 substances are listed in the positive list. The full list can be seen at http://www.m5.ws001.squarestart.ne.jp/foundation/agrall.php

- A search function is available at:
  http://www.m5.ws001.squarestart.ne.jp/foundation/search.html

- The maximum permissible amount of agricultural residues not included in the positive list is set at 0.01ppm.
There are 65 substances which are not listed in the positive list but have been identified as “having no potential to cause damage to human health”. These 65 substances can be seen at: http://www.mhlw.go.jp/english/topics/food safety/positivelist060228/dl/n02.pdf

For detailed information regarding agricultural residues, see: http://www.ffcr.or.jp/zaidan/FFCRHOME.nsf/pages/MRLs-p

**Radioactive caesium**

The Japanese government tightened the radioactivity level allowed in foodstuff as of 1 April 2012. In the case of seafood, it changed to 100 becquerels/kg from 500 becquerels/kg. Apart from the guideline figures set by the authorities, retailers tend to set their own stricter guideline figures. For example, the largest supermarket chain, Aeon, has decided not to sell if radioactive substances are detected even if the level is very small. Another leading supermarket chain, Maruetsu, will not sell food products which contain radioactive caesium over 25 becquerels/kg.

**Import quota**

The following seafood products are subject to an import quota:

<table>
<thead>
<tr>
<th>H.S. Code</th>
<th>Examples of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>0301.99-2</td>
<td>Live fish - (1) Nishin (Clupea spp.), Tara (Gadus spp., Theragra spp. and Merluccius spp.), Buri (Seriola spp.), Saba (Scomber spp.), Iwashi (Etrumeus spp., Sardinops spp. and Engraulis spp.), Aji (Trachurus spp. and Decapterus spp.) and Samma (Cololabis spp.)</td>
</tr>
<tr>
<td>0302</td>
<td>Fresh or chilled fish – Same products as 0301.99-2 plus Tara eggs</td>
</tr>
<tr>
<td>0303</td>
<td>Frozen fish - Same products as 0301.99-2 plus Tara eggs</td>
</tr>
<tr>
<td>0304</td>
<td>Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen – Same products as 0301.99-2</td>
</tr>
</tbody>
</table>
For detailed information, see: 
http://www.japaneselawtranslation.go.jp/common/data/notice/s41n17001je.3.0_h20n129.htm

**Labelling**

The Japanese Agricultural Standards (JAS) Law requires the following information to be included in the labelling of seafood:

1) Name  
2) Place of origin  
3) “Defrosted” if applicable  
4) “Cultured” if applicable
III. LEADING PLAYERS

3.1 POTENTIAL IMPORTERS

**Hasebe Co Ltd**  
Address: 1-20-7 Shiomi, Koto-ku, Tokyo 135-0052  
Tel: +81 (0)3-3644-8881  
Web: [www.mp-hasebe.co.jp](http://www.mp-hasebe.co.jp) (Japanese language only)  
Profile: Importer / wholesaler / processor of seafood mainly for food service. Currently import salmon and lobster (Homard Blue) from Scotland.

**ITOCHU Corporation**  
Address: 2-5-1 Kita-Aoyama, Minato-ku, Tokyo 107-8077  
Tel: +81 (0)3-3497-2121  
Web: [www.itochu.co.jp/en/](http://www.itochu.co.jp/en/)  
Profile: One of the largest general trading houses in Japan. Represent many foreign brands including Paul Smith. Obtained exclusive rights from Dean & Deluca for shop license, import & distribution and manufacturing for the Japan market and established a JV (Dean & Deluca Japan) with two local companies.

**J-Trading Inc**  
Address: Roppongi Hills Mori Tower 11F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6111  
Tel: +81 (0)3-6894-9424  
Web: [www.j-tr.com](http://www.j-tr.com)  
Profile: Importer / wholesaler of fishery products (mainly tuna and salmon) for food service. Currently import Scottish smoked salmon for a Gordon Ramsey’s restaurant in Tokyo.

**Maple Foods Ltd**  
Address: 7-15-13 Tsukiji, Chuo-ku, Tokyo 104-0045  
Tel: +81 (0)3-5565-7001  
Web: [www.maplefoods.co.jp/aboutus-e.html](http://www.maplefoods.co.jp/aboutus-e.html)  
Profile: Importer / wholesaler of fisher products, frozen food/vegetable, etc. Used to import Scottish smoked salmon.

**Mitsui & Co Ltd**  
Address: 1-2-1 Otemachi, Chiyoda-ku, Tokyo 100-0004  
Tel: +81 (0)3-3285-1111  
Profile: One of the largest general trading houses in Japan. Used to represent a UK salmon company.

**Ras Super Fries Co (Japan) Ltd**

Address: Matoba Bldg 3F, 3-7-7 Irifune, Chuo-ku, Tokyo 104-0042
Tel: +81 (0)3-6772-7440
Web: [www.rassuper.com](http://www.rassuper.com)
Profile: Importer of seafood, frozen vegetables and gourmet products for food service. Used to import Shetland salmon but stopped the business due to low sales.

**Tsukiji Uoichiba Co Ltd**

Address: Tokyo Central Wholesale Market, 5-2-1 Tsukiji, Chuo-ku, Tokyo 104-8403
Tel: +81 (0)3-3541-6130
Web: [www.tsukiji-uoichiba.co.jp/english/about/index.html](http://www.tsukiji-uoichiba.co.jp/english/about/index.html)
Profile: Importer / wholesaler of seafood
3.2 TOP 5 FOOD & DRINK RETAILERS
(based on the annual turnover 2011/2012)

**No.1 AEON Co Ltd**
Sales: 5,206,131 million yen
Address: 1-5-1 Nakase, Mihama-ku, Chiba City, Chiba Pref 261-8515
Profile: Holding company of the Aeon Group consisting of approximately 200 companies, mainly in retail business. Well-known retail store names include:
- GMS (General Merchandise Stores) – Aeon
- Supermarkets – Max Value, Maruetsu
- Convenience stores – MINI STOP
- Speciality stores (non-food) – Laura Ashley

**No.2 Seven & I Holdings Co Ltd**
Sales: 4,786,344 million yen
Address: 2-8-8 Chiyoda-ku, Tokyo 102-8452
Profile: Holding company of mainly retail companies, but also food service, banks, IT services, etc, with 41,900 outlets in 16 countries/regions. Well-known store names include:
- GMS – Ito Yokado
- Supermarkets – York Benimaru
- Convenience stores – Seven Eleven
- Speciality stores (non-food) – LOFT, Akachan Honpo
- Restaurants – Denny’s

**No.3 UNY Co Ltd**
Sales: 1,079,150 million yen
Address: 1 Amaiike Gotanda-cho, Inazawa City, Aichi Pref 492-8680
Web: [http://www.uny.co.jp/corporate/ir/annualreport.html](http://www.uny.co.jp/corporate/ir/annualreport.html)
Profile: Operator of retail chain stores (227 outlets as of February 2012) such as supermarkets (UNY), GMS and shopping malls. UNY’s Group companies include Circle K Sunkus (convenience stores).

**No.4 The Daiei, Inc**
Sales: 869,494 million yen
Address: 2-2-20 Toyo, Koto-ku, Tokyo 135-0016
Profile: Operator of supermarket chain ‘daiei’ (210 outlets as of February 2012). The Group companies include OPA (shopping centres) and Gourmet City (supermarkets).
No.5  IZUMI Co Ltd
Sales:  515,874 million yen
Address:  2-22 Kyobashi-cho, Minami-ku, Hiroshima City, Hiroshima Pref 732-0828
Web:  http://www.izumi.co.jp/
Profile:  Operator of shopping centres (Youme Town), GMSs and supermarkets (IZUMI) (89 outlets in Western Japan). IZUMI’s Group companies include food service and food processors.

Others for information:  CGC Japan Co Ltd
Address:  2-1-14 Okubo, Shinjuku-ku, Tokyo 169-8531
Web:  http://www.cgcjapan.co.jp/english/index.html
Profile:  Cooperative chain with a membership of 220 small to medium supermarket chains (3,700 outlets) and annual dealings worth 808,013.27 million yen. They engage in merchandising, distribution, development of IT infrastructure, sharing of information and providing various types of support to the member companies.
### 3.3 TOP 5 FOOD SERVICE COMPANIES
(based on the annual turnover 2011/2012)

<table>
<thead>
<tr>
<th>No.1</th>
<th>Zensho Holdings Co Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales:</td>
<td>402,962 million yen</td>
</tr>
<tr>
<td>Address:</td>
<td>JR Shinagawa East Bldg, 2-18-1 Konan, Minato-ku, Tokyo 108-0075</td>
</tr>
</tbody>
</table>
| Profile: | Operator of various types of restaurant chains (4,133 outlets in Japan and 232 overseas in June 2012). Well-known names of outlets include:  
  - Gyudon (stewed beef served on top of a bowl of rice) restaurants – SUKIYA  
  - Family restaurants – Jolly Pasta |

<table>
<thead>
<tr>
<th>No.2</th>
<th>SKYLARK Co Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales:</td>
<td>341,857 million yen</td>
</tr>
<tr>
<td>Address:</td>
<td>1-25-8 Nishikubo, Musashino City, Tokyo 180-0013</td>
</tr>
<tr>
<td>Web:</td>
<td><a href="http://www.skylark.co.jp/company/skylark/profile_e.html">http://www.skylark.co.jp/company/skylark/profile_e.html</a></td>
</tr>
</tbody>
</table>
| Profile: | Operator of various types of restaurant chains (2,633 outlets as of June 2012). Well-known names include:  
  - Family restaurants – Gusto, Jonathan |

<table>
<thead>
<tr>
<th>No.3</th>
<th>McDonald’s Holdings Company (Japan) Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales:</td>
<td>302,339 million yen</td>
</tr>
<tr>
<td>Address:</td>
<td>Shinjuku i-Land Tower, 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1339</td>
</tr>
<tr>
<td>Web:</td>
<td><a href="http://www.mcd-holdings.co.jp/english/">http://www.mcd-holdings.co.jp/english/</a></td>
</tr>
<tr>
<td>Profile:</td>
<td>Holding company of McDonald’s hamburger shops and related business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.4</th>
<th>Shidax Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales:</td>
<td>188,244 million yen</td>
</tr>
<tr>
<td>Address:</td>
<td>Shibuya Shidax Village, 1-12-13 Jinnan, Shibuya-ku, Tokyo 150-0041</td>
</tr>
</tbody>
</table>
| Profile: | Holding company of various businesses. Food-related business includes:  
  - Restaurants, cafeterias/dining halls/convenience stores in private companies/dormitories/schools/etc  
  - Food service for hospitals/nursing homes/ schools/etc  
  - Supply of food materials and frozen ready meals |

| No.5 | Nisshin Healthcare Food Service Co Ltd |

- 37 -
Sales: 178,900 million yen
Address: Tokyo Bldg 20F, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo 100-6420
Web: http://www.nifs.co.jp/
Profile: Food service provider to hospitals, nursing homes and nurseries and also home delivery of prepared meals
IV. CONTACTS

For further market information and assistance including finding distributors in Japan:

**UKTI Japan Food & Drink Team**  
(food.japan@fco.gov.uk)  
- Akiko Yanagisawa, Senior Trade Adviser, British Embassy Tokyo  
- Mariko Hasegawa, Trade Adviser, British Embassy Tokyo  
- Kaoru Ohsumi, Trade Adviser, British Consulate-General Osaka  
Web: [http://www.ukti.gov.uk](http://www.ukti.gov.uk)

For further business advice on entering export markets:

Marketing, **Seafish Industry Authority**  
(marketinsight@seafish.co.uk)  
Web: [http://www.seafish.org](http://www.seafish.org)
V. CONTRIBUTOR

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Mariko Hasegawa, Trade Adviser
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Tel: +81 (0)6-6120-5654
Fax: +81 (0)6-6281-1731
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